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## Campaign Finance Bill Signed

The measure regulating contributions supplements last year's Proposition 34.

**By Linda Rapattoni**

Daily Journal Staff Writer

SACRAMENTO - Gov. Gray Davis has signed a bill that strengthens campaign finance reform by requiring earlier disclosure by candidates of large contributions and of expenditures by political parties on behalf of office seekers.

SB34, signed into law late Tuesday night, takes effect immediately. It makes both significant and minor changes to Proposition 34, a campaign reform measure passed by voters last year.

Jim Knox, executive director of California Common Cause, had supported a tougher campaign reform measure, Proposition 208, which was earlier passed by voters but was supplanted by Proposition 34 after court challenges threatened 208's viability. Knox grudgingly approved of the new changes to Proposition 34.

"These are welcome but very modest improvements to a bad system," Knox said Wednesday. "Even with these improvements, Proposition 34 remains a terribly weak reform that will do very little to take special interest money out of politics."

Lance Olson, an attorney with the political law firm of Olson, Hagel, Waters & Fishburn of Sacramento, which represents the Democratic Party, said the new law makes both minor and significant changes to campaign finance reform laws.

"The single biggest change for me is a new requirement of reporting \$5,000 contributions in 10 business days," said Olson, one of the drafters of Proposition 34. "I think the public will have a lot more disclosure, especially at critical times when decisions are being made."

The bill, carried by Sen. John Burton, D-San Francisco, requires candidates to electronically report contributions of \$5,000 or more within 10 days of receipt outside an election cycle. It leaves intact the current requirement that all donations of \$1,000 or more be disclosed within 90 days of an election.

Additionally, the law closes a loophole opened by Proposition 34 that allowed political parties to support candidates without disclosing the amount until after the election.

Campaign observers were aghast in the spring to learn that the Democratic and Republican parties had quietly spent huge sums of money to support Los Angeles mayoral candidates.

Political parties believed they could accept unlimited contributions from sources to spend on or against particular candidates. The new law makes it clear that funds to be spent on behalf of or against a candidate are limited to \$25,000 per source.

"I think my clients think most of the changes were useful," said Charles Bell, a name partner in the Santa Monica-based Bell, McAndrews, Hiltachk & Davidian, which represents the Republican Party.

The law also would require statewide voter pamphlets to identify candidates who comply with voluntary spending limits.

The state Fair Political Practices Commission voted to support the measure.

"While the bill is not perfect in every detail, it resolves many of Proposition 34's technical shortcomings," FPPC Chairwoman Karen Getman said in an Aug. 29 letter to the governor.

Although further attempts to reform campaign finance are inevitable, Olson said, reform advocates should give Proposition 34 a chance to take effect before proposing any more reforms.

Proposition 34 was intended to shift money from lawmakers into the hands of political parties, making them more powerful.

"We should see if that happens and if that has a positive impact in terms of public policy," Olson said. "I think maybe we should go through two election cycles, because a lot of money was carried over, and that money will have to work its way out of the system and the new money work its way in."

Also Wednesday, the Assembly passed a bill that would require the state Judicial Council to adopt ethical standards for private arbitrators. The bill would clarify the disclosure requirements for private arbitrators and the sanctions for failing to disclose information that could indicate a conflict of interest.

The measure is a response to concerns raised by California Chief Justice

Ronald George, Gov. Davis and the Judicial Council over the increasing use of private arbitrators. The bill, SB475 by Sen. Martha Escutia, D-Whittier, now goes back to the Senate for a concurrence vote on amendments before it is sent to the governor. The amended bill has no opposition.

Language in the bill was changed to address concerns raised by the California Dispute Resolution Council that the measure might spark frivolous lawsuits over arbitrators' decisions or change the grounds for vacating an arbitrator's decision. The amendments clarify existing case law, proponents said.

"It's intended to ensure that private arbitrators are as fair and as impartial as judicial arbitrators and judges," Assemblywoman Hannah Beth Jackson, D-Santa Barbara, told the Assembly.

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